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*type  
Please place these  
additions into the  
Rio contract as a draft.  
Net to me - Ron*

*3/28  
Copy this to D.  
Littlejohn. Get an  
unmarked copy.  
Ron*

M E M O R A N D U M

To: The Board of Oil, Gas, and Mining  
From: Ron Daniels, Coordinator of Mined Land Development  
Date: March 15, 1978  
Subject: Suggested additions and substitutions for the Rio Algom Reclamation Escrow Agreement for the Lisbon Uranium Mill (Refer to 3/21/78 agenda item "B")

(3) In the second sentence of this part after the fourth word, insert "including principal and interest accruing to the fund".

(3 Note) This assures that both interest and principal accruing to the fund are considered as the total.

(4) Substitute language. "If prior to the termination of the expected life of the facility, the operator completes any work which as required to be performed pursuant to the approved Notice of Intent and Reclamation Plan, then the total amount required to be deposited in the Escrow Fund shall be reduced by the cost of such work as indicated by an accounting of costs for the work supplied to the Board by the Operator. Allowance shall be made for inflation of the cost of said work from the time that said work was performed to the end of the 25 year period. Credits for reclamation work done prior to the contract term shall only be applied to the total amount of the Escrow Fund, not to annual payments which will remain the same.

(4 Note) This change allows credit to the Operator for work done on portions of the approved reclamation plan that are performed prior to the full 25 year term of the contract. Credits would be allowed interest for inflation, but only from the time the work is performed to the end of the contract period. Credits would be applied to the total contract amount, not to the next annual payment and are valued on an accounting of actual costs incurred by the Operator for the work.

(5) Add to the end of the paragraph following "Operations" - "unless or until the total amount contained in the fund is not sufficient to complete the remaining reclamation work".

(5 Note) This change assures that the fund will continue to be paid into if operations cease before the anticipated date and not enough money exists in the fund to do the necessary remaining reclamation work.



(6) First sentence - Add to the end of the sentence following "Plan";  
"and approved by the Board".

Third sentence - Delete all of the sentence following "shall" and add; "be delivered to the Board within 15 days of completion of said work. The Board shall cause an inspection to be made of the completed work within 15 days of receipt of the certificate of completion, weather conditions permitting, and shall inform the operator within 15 days of the inspection that the work has or has not achieved the objectives of reclamation as defined in Section 40-8-12 of the Utah Mined Land Reclamation Act. No portion of the Escrow Fund shall be withdrawn or transferred unless all reclamation efforts which are technologically practicable in the opinion of the Board, have been made by the operator to achieve the reclamation objectives. Written communication by the Board will constitute concurrence that said technologically practicable efforts have been made by the operator and is the authorization for monies to be transferred or withdrawn from the Escrow Fund".

Last sentence - Add three new sentences following "expenditures" as follows: "The Board may retain in the Escrow Fund, after completion of the required reclamation work for a period not to exceed five (5) years, an amount equal to that required for revegetation of the entire land affected. This amount shall be used by the operator for land treatments and re-revegetation in the event that the initial revegetation effort is not successful in the five (5) years following the initial effort. Success shall be deemed to be achieved when the revegetation effort has established a self-sustaining, perennial, non-noxious cover of grass, shrubs, and forbs equal in cover to 70% of the surrounding natural vegetative types".

(6 Note) The suggested changes tighten up the conditions for release of surety and provide for a field inspection. Withdrawal or transfer of surety is not automatic, as suggested in the contract proposed by Rio Algom, but only after concurrence by the Board that reclamation objectives have been met by the operator through use of the most technologically practicable efforts of reclamation.

Further, the changes provide for the Board to retain in the Escrow Fund for five (5) years following completion of reclamation work on amount equal to that required for re-revegetation if the stated revegetation standards are not met on the initial effort.

737,000 cu yds. to 7' depth.

#546 Not a matter of doing all the work at one time.  
Extend it over a period of time 144,000 cu yds not  
done at once. Contingent according to std. procedures of cont.  
N.R.C. - May 1 - \$3,000,000 in cash  
Loss - 7' is a physical standard - As the  
std without monitoring. The ultimate  
plan.



LEVEL PAYMENTS FOR LISBON RECLAMATION ESCROW DEPOSIT

REQUIRED:      Level payments for 22 years accumulating 5% interest per  
year to end up with balance of \$3,064,312.00

RESULT:          \$75,792.11 per year

CHECK:

<u>Year</u>	<u>1</u>	<u>2</u>	<u>3</u>		<u>22</u>
Balance B.O.Y.	\$ nil	\$ 79,581.71	\$163,142.51	....	\$2,842,599.34
Deposit B.O.Y.	<u>75,792.11</u>	<u>75,792.11</u>	<u>75,792.11</u>	....	<u>75,792.11</u>
Interest Applied to	75,792.11	155,373.82	238,934.62	....	2,918,391.45
Interest Factor	<u>1.05</u>	<u>1.05</u>	<u>1.05</u>	....	<u>1.05</u>
Balance E.D.Y.	<u>\$79,581.71</u>	<u>\$163,142.51</u>	ETC		<u>\$3,064,311.02</u>

March 3/78